



INSURANCE, INC.

*Helping You Today To Secure Your Tomorrow*

January 21, 2005

Mike Kreidler  
Washington State Insurance Commissioner  
P. O. Box 40255  
Olympia, WA 98504-0255

## APPENDIX G

Re: Washington Medical Malpractice Market Assistance Plan (MAP)

Dear Commissioner Kreidler.

Enclosed is the current status of submissions to the Washington Medical Malpractice Marketing Assistance Plan (MAP).

The MAP was established under your leadership in 2001 in response to an extreme deterioration of the existing marketplace. Its purpose was to provide assistance for physicians who were having difficulty obtaining medical malpractice. It was designed for physicians who would qualify for coverage if it were not for the extreme constriction of the market place that existed as a result of the market deterioration. At the time the MAP was established, Washington Casualty was exiting the physician business and Physicians Insurance had a moratorium on writing any new business.

The MAP was not intended to provide coverage for physicians with very poor claims experience as these physicians could readily obtain coverage in the surplus lines market albeit for surcharged premiums that reflected their respective experience.

To date, we have had 62 submissions to the MAP. I think it has been very successful in the placement of physicians who were being rejected by the preferred market due to practice profile, or other unique practice characteristics. Out of the 62 submissions, we have had 32 placements and those physicians by and large have been extremely grateful and appreciative of the Marketing Assistance Plan. The three principal admitted markets, Physicians Insurance, The Doctors Company, and G.E. Medical Protective have been committed to this program and without their cooperation we would not have obtained the success we achieved.

The medical malpractice insurance marketplace in Washington has changed significantly since the establishment of the MAP, and coverage is much more readily available. Physicians Insurance has reopened for new physician submissions. Competition has returned and medical malpractice insurance carriers desire to write new physicians business. While underwriting discipline remains, it is not as nearly as defensive and difficult as it was at the peak of the availability crises.

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Page 2

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The submissions to MAP have dropped significantly, and there now appears to be a trickle of submissions, most of which are ineligible. The most recent submissions were physicians who have had bad claims experience or no prior coverage, which again, the MAP was not established to address. These Physicians could find coverage in the surplus lines market, but were unhappy with the premium indications they received or were already paying.

After discussions with the producer group, and the underwriting committee, it is the consensus of the group that the Medical Malpractice Marketing Assistance Program be closed for any further submissions and shut down. I have enclosed responses from the underwriting committee for your review. The market for medical malpractices has improved to the point where eligible MAP submissions should be able to find coverage in the preferred markets.

Our recommendation would be an orderly sunset of the Marketing Assistance Plan with a notice date of 30-60 days.

As always, I would be happy to discuss our recommendation further with you, and respond to any questions or concern you may have.

I appreciate your leadership on this issue and the opportunity to serve as the Producer Committee Chair.

Sincerely yours,

David M. Hargreaves, CIC, CRM

Cc: Scott Jarvis, Deputy Insurance Commissioner  
Underwriting Committee Members

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